HEADQUARTERS
UNITED STATES FORCES
CHINA THEATER

14 September 1945

MEMORANDUM for General Olmsted.

SUBJECT: Termination of the Functions of the Clandestine Branch
(Or a Dissertation On Locking a Barn)

1. General. The Clandestine Branch was organized for the purpose of exercising operational control of AGAS, OSS, and the Naval Group and for the purpose of coordinating the clandestine activities of these three agencies with British, French, and Chinese clandestine agencies.

2. Coordination With Foreign Agencies. Since the Japanese collapse the structure for effecting liaison with and coordination between the three foreign clandestine agencies has collapsed for obvious reasons. The wartime necessity for such liaison and coordination no longer exists; CT cannot properly press the point and foreign national interests preclude the furnishing of clandestine type intelligence to CT. Hence this function may be considered as terminated by the influence of events.

3. OSS. With the cessation of hostilities OSS shifted emphasis to secret intelligence and counter-espionage activities. OSS is also collecting intelligence for CT related to the current tactical situation. I regard OSS as now performing standard intelligence functions which should be under the control of G-2 and not G-5.

4. Navy Group. The future of ~~this band of irregular mercenaries~~ Navy Group is in the over-loaded lap of the JCS. It appears possible that General Wedemeyer will get a decision on this matter in Washington. This decision will likely call for the official termination of the SACO Agreement and the conversion of the Naval Group into a Naval Mission or a naval section of a Military Mission. As such, Navy functions in this area will probably consist of collecting intelligence for the Navy Dept. and training Chinese. Accordingly, the Naval Group should come under the control of G-2 and G-3, CT, if the above decision is made by JCS. G-2 and G-3 could then harmonize Army and Navy transitional training and intelligence activities. If G-5 continued to handle Navy Group, G-5 would merely do mechanical, messenger boy work for G-2 and G-3.

5. AGAS. This organization has two remaining functions - the interrogation and processing of recovered personnel, and the preparation of a plan for the search of CT for missing persons.

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The first function should be terminated by 1 November 1945. This function is more properly a G-2 function. The second function should be terminated in ten days. Upon completion of the search plan, I intend to propose that G-3 in coordination with G-4 exercise primary interest in the implementation of the plan. The plan will undoubtedly require resources not available in the theater which G-3 will have to obtain. The actual search will not be a clandestine matter but an operational and administrative (G-4) problem.

6. Conclusions. Except for the Navy Group, all functions of the Clandestine Branch could be terminated at once provided that supervision of OSS and ACAS was transferred to other Gs as outlined above. The termination of the functions with respect to the Navy Group will depend upon the time and substance of the JCS decision.

G. V. Underwood
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Lt. Col. C.A.C.

Split out with recommended directive